

IRS News Release

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IRS Guidance on LIFO Pooling for Resellers of Cars, Light-Duty Trucks

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WASHINGTON — Using the Industry Issue Resolution (IIR) program, the Internal Revenue Service today issued guidance regarding the proper pooling treatment of automobiles, light-duty trucks, and crossover vehicles which have characteristics of trucks and cars under the dollar-value, last-in, first out (LIFO) inventory method.

The Treasury Department and Internal Revenue Service recognize that the distinctions between cars and light-duty trucks have diminished significantly since the issue was last addressed in IRS guidance and by the Courts. To address these distinctions and in response to an IIR request submitted by Miller Chevalier Chartered and the National Auto Dealership Association (NADA), The Treasury Department and the Internal Revenue Service issued Revenue Procedure 2008-23.

Effective for tax years ending on or after December 31, 2007, the revenue procedure provides a safe harbor pooling method, the Vehicle-Pool Method, for resellers of cars and light-duty trucks. (Light-duty trucks are trucks with a gross vehicle weight of 14,000 pounds or less.)

The Vehicle-Pool Method allows a reseller to establish a New Vehicle pool for inventories of new vehicles including new cars, new light-duty trucks, and new crossover vehicles including SUVs, minivans, and other similar vehicles and a Used Vehicle pool for inventories of used vehicles.

Revenue Procedure 2008-23 also provides the procedures for a reseller subject to the LIFO pooling requirements to obtain automatic consent to change to the Vehicle-Pool Method.

The IIR program, launched in 2001 by IRS, tackles tax issues submitted by taxpayers, associations and other groups representing businesses. The objective is to resolve frequently disputed or burdensome tax issues.

Information on the Industry Issue Resolution program may be found in [Revenue Procedure 2003-36, 2003-18 I.R.B.859](#).

Related Items:

[IR-2007-39](#) - Accounting Issue for Automobile Dealers to be Addressed by IRS Industry Issue Resolution Program